

Message Text

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PAGE 01 LONDON 06635 270905Z
ACTION IO-14

INFO OCT-01 EUR-12 ISO-00 L-03 TRSE-00 ABF-01 OMB-01
/032 W

-----067058 271605Z /64

R 270829Z APR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5572

UNCLAS LONDON 06635

E. O. 11652: N/A
TAGS: AORG, UN, UK
SUBJECT: TAXATION OF LUMP SUM UN PENSION PAYMENTS

REF: (A) STATE 99735; (B) STATE 32933

1. U.K. FCO HAS PROVIDED EMBASSY WITH INLAND REVENUE
REPLY TO QUESTIONS POSED REFTEL B RE U.N. PENSION
PAYMENTS. SUBSTANTIVE PORTIONS OF REPLY ARE AS
FOLLOWS:

"WE DO NOT REGARD THE TAX EXEMPTIONS CONTAINED IN
THE CONVENTIONS ON THE PRIVILEGES AND IMMUNITIES
OF THE UNITED NATIONS AND OF ITS SPECIALISED AGENCIES
(TO WHICH EFFECT HAS BEEN GIVEN IN THE UNITED
KINGDOM BY ORDERS IN COUNCIL MADE UNDER THE INTER-
NATIONAL ORGANISATIONS ACT, 1968) AS APPLYING TO
LUMP SUM WITHDRAWALS AND DEATH BENEFITS PAYABLE
OUT OF THE UNITED NATIONS JOINT STAFF PENSION FUND.
WE APPLY OUR DOMESTIC TAX RULES TO THESE PAYMENTS,
THE EFFECT OF WHICH IS THAT WE DO NOT TAX LUMP SUM
WITHDRAWALS WHERE THE EMPLOYMENT TO WHICH THEY
RELATE WAS CARRIED ON WHOLLY OR SUBSTANTIALLY
OUTSIDE THE UNITED KINGDOM. BUT TAX IS CHARGED
ON SUCH SUMS WHERE THE EMPLOYMENT IS WHOLLY OR
SUBSTANTIALLY CARRIED ON HERE - FOR EXAMPLE IN
THE CASE OF IMCO EMPLOYEES. THE EXTENT OF THE
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PAGE 02 LONDON 06635 270905Z

CHARGE DEPENDS ON THE FACTS OF EACH PARTICULAR
CASE BUT, GENERALLY SPEAKING, SUMS EXCEEDING
5,000 POUNDS WOULD BE TAXABLE UNDER SECTIONS 187
AND 188 OF THE TAXES ACT, COPIES OF WHICH ARE
ENCLOSED.

"WHERE, AS WOULD NORMALLY BE THE CASE, A DEATH
BENEFIT FROM THIS FUND IS TAKEN AS INCOME IN THE

FORM OF A PENSION, THAT PENSION IS TAXABLE IN THE HANDS OF AN INDIVIDUAL WHO IS RESIDENT IN THE UNITED KINGDOM FOR TAX PURPOSES. GENERALLY SPEAKING, TAX WOULD BE PAYABLE ON 90 PER CENT OF THE FULL AMOUNT OF PENSION ARISING IN ANY TAX YEAR. THE QUESTION OF REIMBURSEMENT OF TAX COLLECTED IN THE CIRCUMSTANCES I HAVE MENTIONED IS NOT A MATTER FOR THIS DEPARTMENT, SINCE TAX RECEIPTS ARE PAID INTO THE CONSOLIDATED FUND. HOWEVER, I WOULD NOT EXPECT TAX COLLECTED IN THESE CIRCUMSTANCES TO QUALIFY IN ANY WAY FOR REIMBURSEMENT."

2. INLAND REVENUE LETTER WITH ENCLOSURES PLUS COPY OF EMBASSY'S ORIGINAL LETTER WILL BE HANE-CARRIED TO WASHINGTON FOR IO/EX/IFM.

BREWSTER

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NNN

Message Attributes

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Draft Date: 27 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
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Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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